

10352
RECEIVED
LEGISLATIVE AUDITOR
2012 APR 12 AM 8:58

RIVER REGION HUMAN DEVELOPMENT, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**AS OF AND FOR
THE YEAR ENDED SEPTEMBER 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **APR 25 2012**

HARRIS CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

CONTENTS

	Page
Independent Auditor's Report.....	3
Statement of Financial Position.....	4
Statement of Activities and Changes in Net Assets.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7

SUPPLEMENTARY SINGLE AUDIT REPORTS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	10
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards.....	12
Schedule of Expenditures of Federal Awards.....	14
Notes to the Schedule of Expenditures of Federal Awards.....	15
Schedule of Findings and Questioned Costs/Corrective Action Plans.....	16
Schedule of Prior Findings and Management Letters.....	18

Harris CPA, LLC

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

The Board Members of
River Region Human Development, Inc.
Gonzales, Louisiana

We have audited the accompanying statement of financial position of River Region Human Development, Inc., (the Center), a nonprofit corporation, as of September 30, 2011, and the related statement of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of September 30, 2011, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Center taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Harris CPA, LLC

Harris CPA, LLC
March 29, 2012

RIVER REGION HUMAN DEVELOPMENT, INC.

STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2011

ASSETS:

Current Assets:

Cash	\$3,459
Grant Funds Receivable	<u>66,832</u>
Total Current Assets	70,291

Noncurrent Assets:

Fixed Assets	0
Accumulated Depreciation	<u>0</u>
Total Assets	<u>\$70,291</u>

LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts Payable and Accrued Expenses	\$66,921
Payroll Taxes Payable	<u>3,370</u>
Total Current Liabilities/Total Liabilities	70,291

Net Assets:

Unrestricted Fixed Assets	<u>0</u>
Total Net Assets	<u>0</u>
Total Liabilities and Net Assets	<u>\$70,291</u>

See accompanying notes to financial statements.

RIVER REGION HUMAN DEVELOPMENT, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

=====
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>UNRESTRICTED</u>
SUPPORT AND REVENUES:	
Federal Grants	<u>\$719,504</u>
Total Support and Revenues	719,504
 EXPENSES:	
Program Services:	
Food Costs	<u>583,034</u>
Total Program Services	583,034
Supportive Services:	
Professional Fees	15,203
Office Expenses	3,829
Rent	7,200
Utilities	2,075
Telephone	3,521
Travel	740
Computer Maintenance	2,060
Administrative Payroll and Related Expenses	<u>101,842</u>
Total Supportive Services	<u>136,470</u>
Total Expenses	<u>719,504</u>
 Change in Net Assets	0
Net Assets, Beginning of Year	<u>0</u>
Net Assets, End of Year	<u><u>\$0</u></u>

See accompanying notes to financial statements.

RIVER REGION HUMAN DEVELOPMENT, INC.

STATEMENT OF CASH FLOWS

=====

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Cash Flows from Operating Activities

Change in Net Assets	\$0
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used in Operating Activities:	
Grant Funds Receivable	(13,996)
Accounts Payable and Accrued Expenses	13,406
Payroll Taxes Payable	<u>403</u>
Net Cash Used in Operating Activities	(187)

Cash Flows from Investing Activities

Fixed Asset Purchases	<u>0</u>
Net Cash Used in Investing Activities	<u>0</u>
Net Increase (Decrease) in Cash	(187)
Cash, Beginning of Period	<u>3,646</u>
Cash, End of Period	<u><u>\$3,459</u></u>

See accompanying notes to financial statements.

RIVER REGION HUMAN DEVELOPMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

River Region Human Development, Inc. (the Center) was chartered as a nonprofit corporation March 21, 1988, in the parish of Ascension, state of Louisiana. The stated purpose of the corporation is "...to provide food for the needy in the area". Program participants are solicited through public service announcements. The Center served over 410,000 meals in the September 30, 2011 fiscal year, averaging over 34,000 per month. The Center's support is publically funded through a contract with the Louisiana Department of Education which administers a federal government grant offered by the U.S. Department of Agriculture.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

BASIS OF ACCOUNTING

The accompanying financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

REVENUES AND SUPPORT

The Center receives its grant contract support from the U.S. Department of Agriculture through the Louisiana Department of Education. The following details the grant received by the Center for its September 30, 2011 fiscal year as well as a description of the program:

Child and Adult Care Food Program:

This is a program funded by the U. S. Department of Agriculture (USDA), offering meals for needy daycare recipients who are provided childcare and aftercare service by approved providers. All meals meet the nutritional requirements of the USDA. Revenue from this program is recognized in the accounting period when the related allowable expenses are incurred.

FIXED ASSETS

Fixed assets are recorded at cost and consist entirely of office equipment. Depreciation expense is calculated on the straight line method over the assets' estimated useful lives of five to ten years. It is the Center's policy to capitalize asset purchases costing \$500 or greater. There were no capitalized fixed assets at September 30, 2011.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RIVER REGION HUMAN DEVELOPMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NOTE 2 - CASH

The Center maintains one checking account with a local financial institution. The balance per bank of \$10,808 at September 30, 2011, was fully insured against loss.

NOTE 3 - FEDERAL FINANCIAL ASSISTANCE

The Center is the grantee of a federally-assisted program. This program is subject to compliance audits by the grantor. The last compliance audit performed by the Louisiana Department of Education (LDE) was completed in October 2010 relative to the sampled month of August 2010. No material findings were reported, and the Center's corrective action plan was accepted by the LDE. Accordingly, as of September 30, 2011, there were no contingent liabilities arising from grantor audits.

NOTE 4 - CONCENTRATIONS OF RISK

The Center receives effectively all funding via the US Department of Agriculture's Child and Adult Care Food Program. If future commitments from the Department of Agriculture were terminated or substantially reduced, the Center would be severely impacted in terms of its ability to meet financial obligations or provide activities at its current level.

NOTE 5 - INCOME TAXES

The Center is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Further, the Center has not been classified by the IRS as a private foundation.

NOTE 6 - COMMITMENTS/OPERATING LEASE AGREEMENT

The Center conducts its administrative operations at a leased facility in Gonzales, Louisiana. An annual lease agreement is renewed each year. The lease agreement runs from March 1 to February 28, each year. The current rent amount is \$600 per month. For the fiscal year ending September 30, 2011, rent expense was \$7,200.

**RIVER REGION HUMAN DEVELOPMENT, INC.
GONZALES, LOUISIANA**

SUPPLEMENTARY SINGLE AUDIT REPORTS

**AS OF AND FOR THE YEAR
ENDED SEPTEMBER 30, 2011**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
River Region Human Development, Inc.
Gonzales, Louisiana

We have audited the financial statements of River Region Human Development, Inc. (the Center), a nonprofit corporation, as of and for the year ended September 30, 2011, and have issued our report thereon dated March 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial report was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: items 2010-1 and 2010-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

The Center's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Center's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Center, the Center's management and federal awarding agencies and pass-through entities; such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under LSA-RS 24:513, this report is distributed by the Legislative Auditor as a public document.

Harris CPA, LLC

Harris CPA, LLC
March 29, 2012

Harris CPA, LLC

Certified Public Accountant

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Directors
River Region Human Development, Inc.
Gonzales, Louisiana

Compliance

We have audited River Region Human Development, Inc. (the Center) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended September 30, 2011. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contract and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Center as of and for the year ended September 30, 2011, and have issued our report thereon dated March 29, 2012. Our audit was performed for the purpose of forming opinions on the Center's financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Center, the Center's management and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under LRS 24:513, this report is distributed by the Legislative Auditor as a public document.

Harris CPA, LLC

Harris CPA, LLC
March 29, 2012

RIVER REGION HUMAN DEVELOPMENT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

GRANTOR: PROGRAMS	CFDA #	GRANT ID #	TOTAL FEDERAL EXPENDITURES
U.S. Department of Agriculture:			
passed through the Louisiana Department of Education			
Child and Adult Food Care Program	10.558	N/A	<u>719,504</u>
Total Federal Expenditures			<u>\$719,504</u>

See accompanying notes to schedule of expenditures of federal awards

RIVER REGION HUMAN DEVELOPMENT, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

=====

FOR THE YEAR ENDED SEPTEMBER 30, 2011

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of River Region Human Development, Inc. (the Center).

NOTE 2 - BASIS OF ACCOUNTING

The accompany Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting which is described in note 1 of the Center's Notes to Financial Statements.

NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal awards expenditures are reported in the Center's Statement of Activities as components of unrestricted expenses. There are no differences in total expenses and total federal revenue for the September 30, 2011 fiscal year.

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MAJOR FEDERAL AWARDS

The dollar threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.

RIVER REGION HUMAN DEVELOPMENT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS/CORRECTIVE ACTION PLANS

=====
FOR THE YEAR ENDED SEPTEMBER 30, 2011

(1) Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control over Financial Reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? No

Major Program:
Child and Adult Care Food Program (CFDA Number 10.558)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee under Section .530 of OMB Circular A-133: No

Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards:

2011-1. Material Audit Adjustments

Condition: During field work, it was necessary to propose material audit adjustments in order to record transactions and produce financial statements in accordance with generally accepted accounting principles (GAAP).

Cause: Due to lack of resources and accounting knowledge, producing GAAP based financial statements was beyond the ability of current management.

Effect: Multiple accruals in receivables, payables, and payroll related accounts were required. Moreover, thorough work on accurately completing the year end bank reconciliation was required.

Recommendation: We recommend either a board member with a financial background or the outsourcing to a CPA firm or other qualified party the duties of accruing and producing monthly and year-end financial statements.

Management's Response: Management will use the audited financial statements as a starting point. It is now using Quicken, and will integrate financial statement categories into the Quicken system. With this system, management will have the ability to print out monthly financial statements. At year-end, the Center will out-source those financials to a qualified party to review the statements and related disclosures. This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended September 30, 2010 as Single Audit Finding 2010-3.

2011-2. Financial Statement Preparation

Condition: Although the Center maintains its accounting records in accordance with its requirement of monthly submission to the Department of Education, the annual financial statements have been drafted by the independent auditor based on the Center's trial balance.

Cause: Due to lack of resources and accounting knowledge, producing GAAP based financial statements was beyond the ability of current management.

Effect: Because the Center must take full responsibility for the accuracy and disclosure of the financial statements, it must, either internally or through the use of a qualified outside party (other than the independent auditor), produce and review the financial statements and related footnote disclosures, to assure compliance with GAAP, and verify no material misstatements exist. Relying on the independent auditor to perform these functions is considered a control deficiency.

Recommendation: We recommend either a board member with a financial background or the outsourcing to a CPA firm or other qualified party the duties of accruing and producing monthly and year-end financial statements.

Management's Response: Due to minimal reporting requirements in the past because of lower income thresholds, management has only been required to prepare Form DCH-112 for the DOE. This form is submitted monthly and reports amounts expended for the Center's claim for grant reimbursements. With the knowledge of this requirement, management will use the audited financial statements as a starting point. It is now using Quicken, and will integrate financial statement categories into the Quicken system. With this system, management will have the ability to print out monthly financial statements. At year-end, the Center will out-source those financials to a qualified party to review the statements and related disclosures. This Single Audit Finding is repeated from the prior year and was reported in the Schedule of Findings and Questioned Costs for the year ended September 30, 2010 as Single Audit Finding 2010-4.

Findings and Questioned Costs Relating to Federal Awards:

None.

RIVER REGION HUMAN DEVELOPMENT, INC.

SCHEDULE OF PRIOR YEAR FINDINGS MANAGEMENT PLANS

=====
FOR THE YEAR ENDED SEPTEMBER 30, 2011

2010-1 - Resolved

2010-2 - Resolved

2010-3 - Repeated 2011-1

2010-4 - Repeated 2011-2

2010-5 - Resolved